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THIS IS UNEVALUATED INFORMATION

25X1 1. [redacted] the Soviet director of the Siemens-Schuckert plant at 88
Siemensstrasse, Vienna XXI [redacted]

25X1 [redacted] stated that the Siemens plant
25X1 [redacted] would schedule its work only on a month to month basis, and that no raw
materials were to be stockpiled.*

25X1 2. Soviet directors of the Siemens-Schuckert plants at 150 Engerthstrasse
25X1 and 88 Siemensstrasse and of the Wiener Kabel-und Metallwerke A.G. of 88
25X1 Siemensstrasse have refused to accept delivery of 30 machine tools ordered
several months ago from the Skoda works and from Eastern Germany. The di-
rectors allegedly stated that they lacked funds to pay for the machinery
which is now stored in a USIA warehouse in Inzersdorf.**

25X1 * Comment: There seem to be no signs that the Soviets are reluctant to accept orders, however. Also, there is no indication that the statement regarding Soviet withdrawal or a shortened work schedule is the result of high level Soviet directives.

25X1 ** Comment: [] this refusal [] another indication of the Soviet intention to liquidate its assets in anticipation of a state treaty. However, reports of the last several months indicate that the USIA-controlled Siemens plants are inefficiently operated and have high production costs. The USIA electrical industry has recently felt repercussions from price cuts by non-USIA electrical firms. USIA recently cut three and four horsepower electric motors by 25 and 30% to meet competition, and USIA electrical firms will probably suffer loss. The new price-wage agreement will also increase the financial burden. These factors tend to support the Soviet directors' statements that failure to accept machinery is a result of a lack of funds.

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